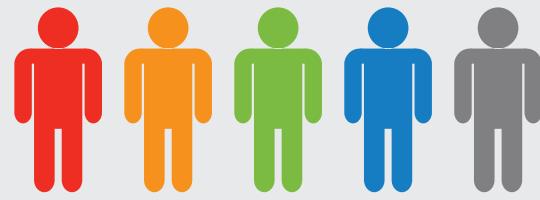


CHANGING MEDIA SUMMIT 2013

21 & 22 MARCH LONDON

OPTIMISING MEDIA
IN A CHANGING WORLD
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BRITAIN'S CHANGING MEDIA HABITS



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Overview

This report examines the research YouGov has conducted looking into current media consumption patterns, profiles of audiences on different platforms and media types, and the effectiveness of advertising across platforms, using the Lynx Space Academy campaign as our case study.

We use the power of connected data to better learn how users interact across different platforms, and what this means for media owners and advertisers. The report is divided into two parts:

1. *Examining general media consumption across different media platforms and demographic profiles.* We seek to better understand cross-media platform usage and whether those using particular brands on traditional media are also using those brands on digital platforms. We also look to understand future trends and how media consumption may change over time.
2. *Exploring a specific advertising campaign and looking at how exposure to advertising on each platform impacts brand perceptions and behaviours.* We've discovered the advertising version of the Higgs Boson – the marketeer's 'God Particle'. We're calling it the YGX: a trace showing the effect of advertising that has not been consciously recalled, providing a structured measure that can improve the value of media space.

Executive Summary

Media Consumption Patterns

Traditional content providers must ensure consumers remain loyal when accessing content online

- Consuming content digitally is the big development in media consumption
- However this has, as yet, not gone as far as one might assume and traditional consumption (print newspapers, linear TV etc.) still remains dominant
- Both young and early adopters have moved much faster from traditional to digital and we would therefore conclude that this transformation is likely to accelerate
- Traditional content providers need to work to ensure that as users transfer to digital, they continue to access their content rather than that of new media only organisations – some media owners are better positioned than others to manage this



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- Those media companies that have erected paywalls have suffered in terms of transferring users from off to online
- However, there is evidence that early adopters are increasingly willing to pay to access digital content and services so it may be that a 'pay for content' model could be successful as consumers become increasingly happy with that principle



Part I: Current Media Consumption Patterns

Printed newspaper consumption

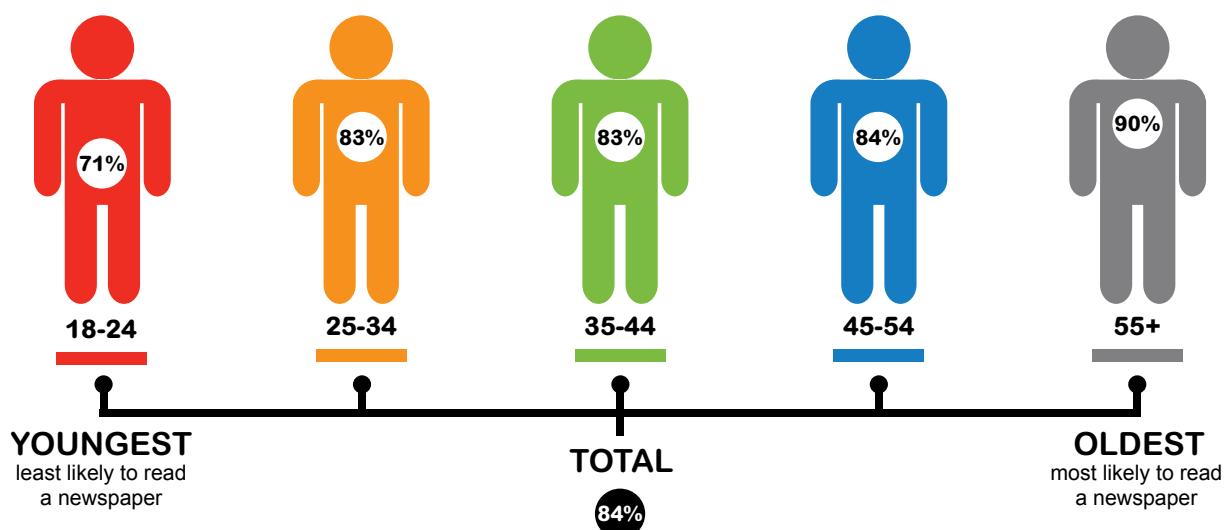
The challenges for the newspaper industry in a digital world are well documented: declining newspaper sales and the proliferation of freely available news on the internet.

This section of the report will examine the current state of the newspaper market, some of the threats and challenges it faces and some potential ways that these can be addressed. With 84% of the UK population having read a printed daily newspaper in the past year, perhaps it may not all be doom and gloom. If we look at how this varies by demographics there are some fundamental differences, specifically regional and age-based, which could be cause for more concern than the headline figure. Newspaper readership is highest in London, where 93% of the population have read a printed newspaper in the past year, it is lowest in the Midlands where only 79% have read a newspaper in the last year. Regional newspapers are currently finding it harder than most to make ends meet, and our research shows that the appetite for regional newspapers is strongest in Wales and Northern Ireland, where more than one in three say they have read any regional paper in the past 12 months, compared to less than one in five for the nation as a whole.

FIGURE 1 |

Those saying they have read a newspaper in the last 12 months.

Base: All UK respondents (2,051)



One of the best ways to understand longer term trends is to look at demographics and how the younger age groups are behaving as they provide a good early indication of new behaviours. Figure 1 (above) indicates one of the key challenges facing the printed newspaper industry: newspaper readership is correlated with age. The youngest are least likely to read a newspaper and the oldest groups are more likely to read a newspaper so the trend is structured to accelerate.

Engaging different audiences

So what newspapers are being read and which are engaging most with that important 18-24 year olds audience?

The most widely read newspapers amongst all respondents are The Sun / The Scottish Sun, with more than one in four (26%) saying they have read it in the last 12 months, closely followed by Metro and Daily Mail / Scottish Daily Mail (both 23%).

Figure 2 shows the printed newspapers where there is the biggest difference in readership between the oldest and youngest age groups we have identified. Metro, Evening Standard and the Guardian have a higher incidence of readership amongst 18-24 year olds. This represents one of the main challenges for the printed newspaper industry, as two out of the three newspapers identified are free titles, relying on advertising revenue to generate profits, with the Guardian being the only paid-for title with readership highest amongst 18-24 year olds compared to the total.

If you look at the difference between the printed newspapers read in the last 12 months amongst 18-24 year olds and compare that against those aged 55+ year olds, then Metro, Evening Standard and the Guardian have a higher incidence of readership amongst the 18-24 year olds. This represents one of the main challenges for the printed newspaper industry, as two out of the three newspapers identified are free titles, relying on advertising revenue to generate profits, with the Guardian the best placed paid-for title with readership higher amongst 18-24 year olds compared to 55+ year olds.

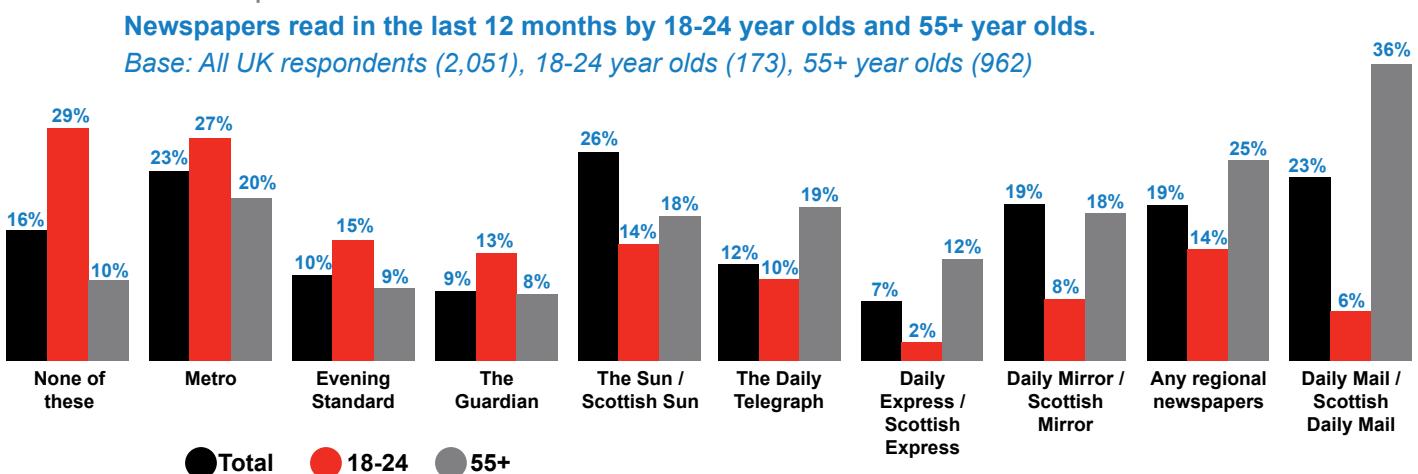
On the other end of the spectrum, the printed newspapers with a much higher incidence of readership amongst the older demographics compared to the younger demographics are the Daily Mail, regional newspapers, the Daily Mirror, the Daily Telegraph and the Daily Express. These newspapers could potentially be most vulnerable to the digital revolution, although as we will see later the Daily Mail in particular appears to have understood that and embraced the digital revolution.

The youngest are least likely to read a newspaper and the oldest groups are more likely to read a newspaper so the trend is structured to accelerate

FIGURE 2 |

Newspapers read in the last 12 months by 18-24 year olds and 55+ year olds.

Base: All UK respondents (2,051), 18-24 year olds (173), 55+ year olds (962)



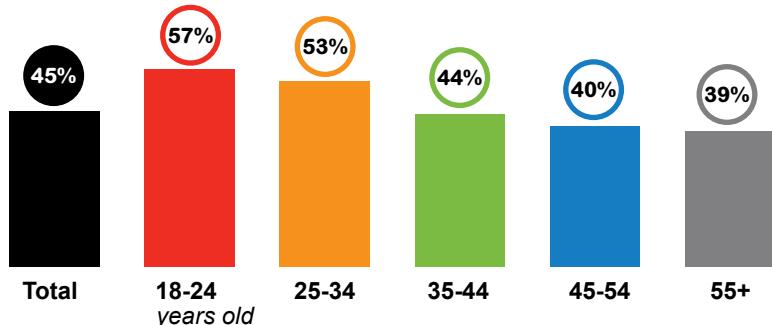
Digital news and its implications for media companies

Given the decline in print newspaper readership it will be crucial for newspapers to capitalise on digital media as a potential saviour.

Competition for clicks is fiercer on the web than on paper with organisations such as the BBC and other broadcasters providing detailed news coverage, as well as new businesses such as Huffington Post emerging alongside popular independent blogs like Guido Fawkes and Slugger O'Toole. Our research shows that 45% of the UK population from our online survey have read a newspaper online in the past year, compared to 70% of the UK population who have accessed an online news site in the last month, with BBC News gaining the largest share at 43%. Regionally there is a similar pattern with those living in London (54%) most likely to have read a newspaper online in the past 12 months, whereas those living in the Midlands (39%) are least likely.

For online readership we see the inverse relationship with age that we do for readership of printed newspapers, with those aged 18-24 years old most likely to have read a newspaper online and those aged 55+ least likely to have read a newspaper online in the last 12 months, with 61% saying they have done so in the last 12 months.

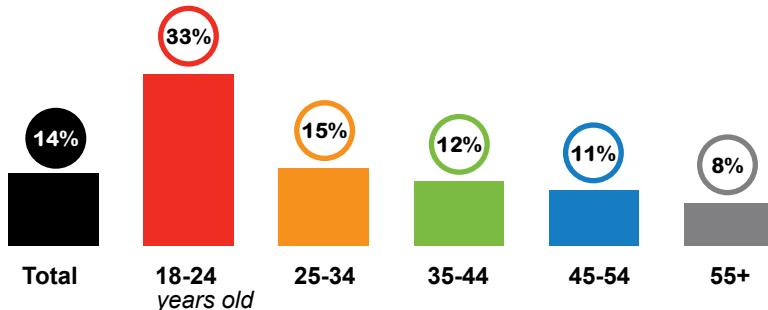
FIGURE 3 |
Those saying they have read a newspaper online in the last 12 months.
Base: All UK respondents (2,051)



The newspapers which have the highest online readership of the last 12 months according to our online survey are the Daily Mail (16%) and the Guardian (14%). The online readership of the Daily Mail is relatively flat when looking at the different age groups, with no clear pattern emerging, but when looking at the demographics for online readership of the Guardian, there is a clear correlation with age, as shown right in Figure 4.

FIGURE 4 |

Those saying they have read the Guardian newspaper in the last 12 months. Base: All UK respondents (2,051)

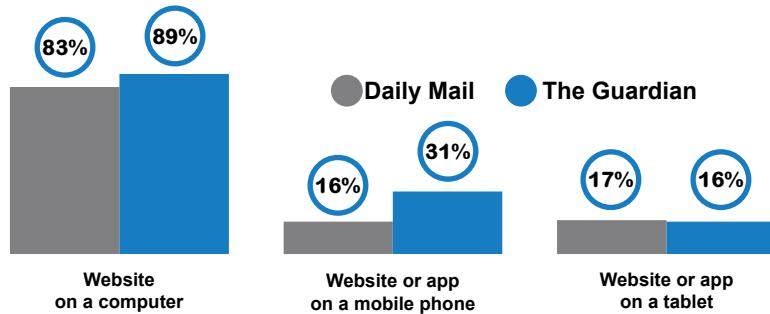


With one in three 18-24 year olds having read the Guardian newspaper online in the past 12 months (the highest for any of the daily newspapers) the Guardian is well placed to further engage with this important audience. To substantiate this further, First Adopters are also most likely to read the Guardian newspaper online.

One of the reasons why the Guardian is well positioned amongst this audience is because of the way that digital content is being accessed across multiple devices as shown below in Figure 5.

FIGURE 5 |

Devices ever used to access newspapers online. Base: Those reading Daily Mail online in the last 12 months (135), Those reading the Guardian online in the last 12 months (137)



On average, those accessing the Guardian online use 1.4 devices to do so, whereas those accessing the Mail online use 1.2 devices to do so, so those accessing the Guardian are doing so on more devices relative to the Daily Mail.

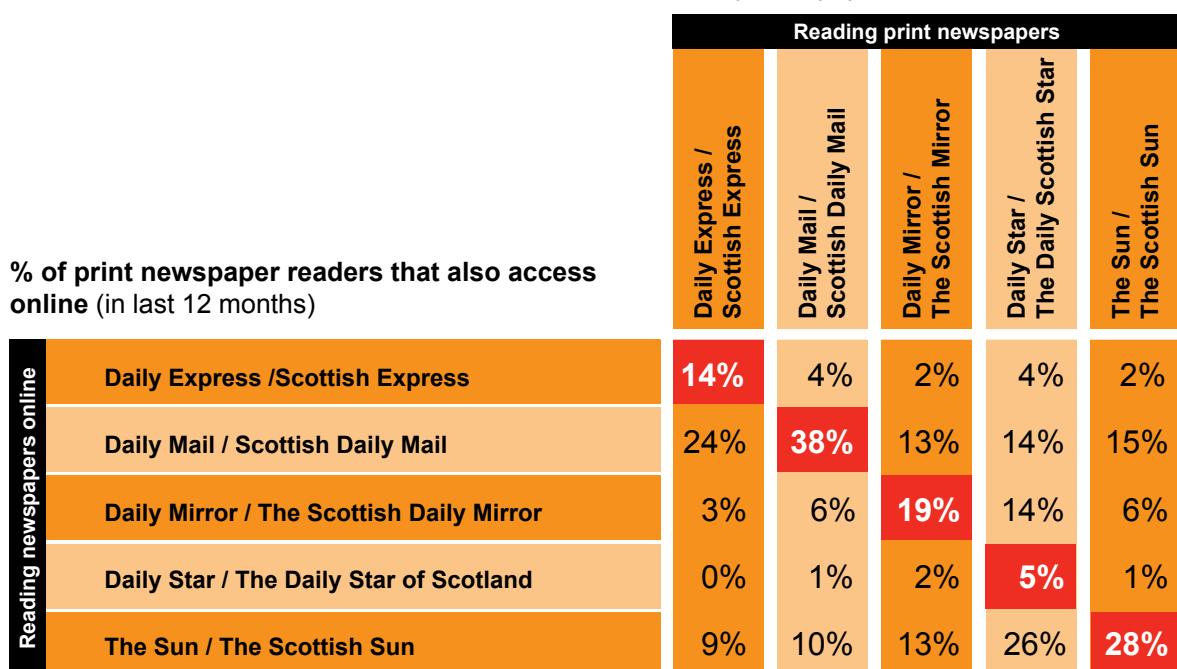
Fostering a loyal print and online readership

Daily Mail readers visit the equivalent online site (MailOnline) the most, with almost two in five doing so in the last 12 months. Over a quarter (28%) of Sun readers have also visited The Sun online in the last 12 months. Daily Express readers use the Mail online significantly more than they visit the Express online, whilst Daily Star readers are more likely to visit The Sun online than either the Star's equivalent site or the Mail online. The Daily Express and Daily Star clearly have more work to do if they are to survive in the digital era.

With the printed press in decline, many newspapers have struggled to understand how best to monetise the online stream of their offering. The Times and the Financial Times have opted to restrict access to their website and introduce a paywall. While these players will argue the value of the audience opting to pay is greater than the lost audience who is unwilling to pay, the impact on the overall traffic visiting the site is likely to impact on readers' loyalty towards the brand.

Some evidence of this can be seen in Figure 7 (below right). Amongst those who have read a printed copy of the Financial Times in the last 12 months, around one in four (24%) have read the newspaper online, however more than one in three (36%) have read the Guardian online in the last 12 months, and just under one in three (31%) have read the Telegraph online in the last 12 months.

FIGURE 6 |
Amongst readers of each newspaper, what proportions have accessed online websites in the last 12 months? Base: readers of these daily newspapers

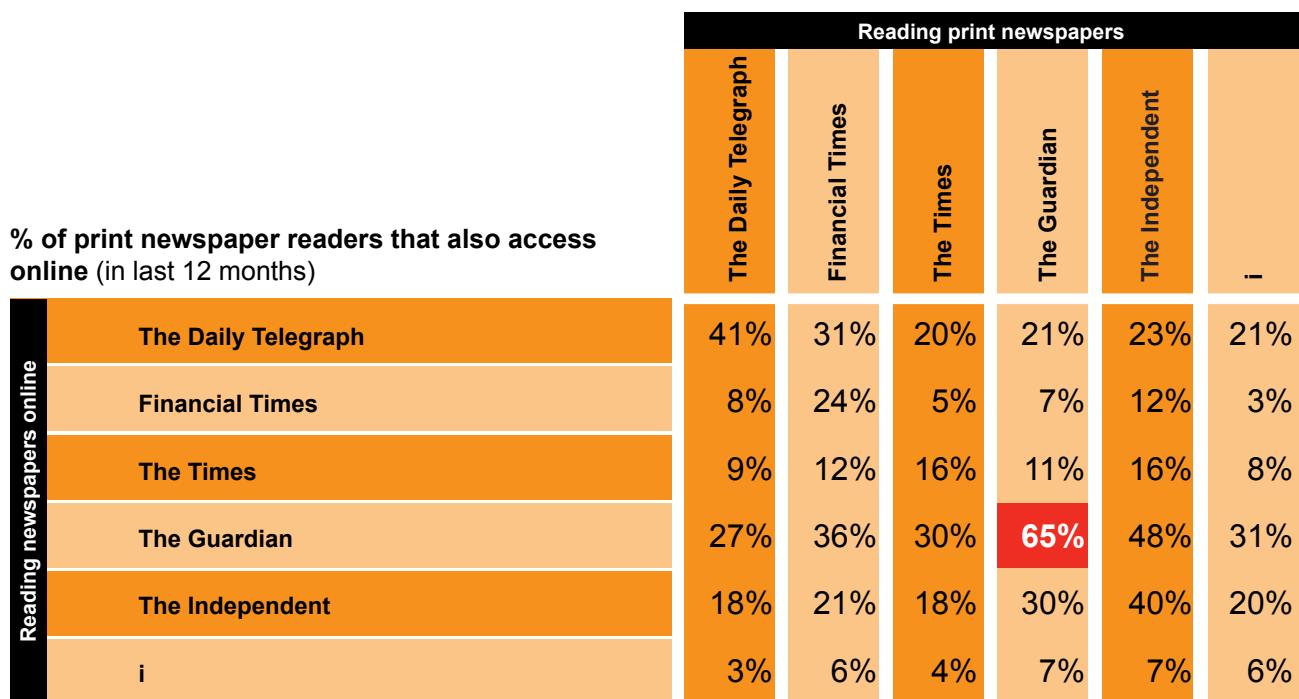


Rather than opting to pay to access the Financial Times online, they are instead opting to read the Guardian and the Telegraph for free. The same can be said for the other newspaper which has introduced a paywall, The Times. 16% of those reading the print version of The Times in the last 12 months have also read the newspaper online, with readers instead opting for the Guardian (30%), Daily Telegraph (20%) and the Independent (18%) instead.

Creating an offer for readers, regardless of the platform that they are accessing it on, is important in order to build brand engagement and loyalty, and Figure 7 shows the newspaper brands which are currently doing this most effectively. 65% of those reading the Guardian in the last 12 months have also read it online, making it the newspaper that manages to engage the largest proportion of their print readership online. Meanwhile, for the Daily Telegraph it is 41% and the Independent 40%.

Rather than paying to access the FT online, readers are opting to read the Guardian and Telegraph for free

FIGURE 7 |
Amongst readers of each newspaper, what proportions have accessed online websites in the last 12 months? Base: readers of these daily newspapers



TV habits: the new multi-device landscape

It is no secret that TV viewing habits are changing. With the growing affordability of devices, other than the traditional TV set, through which we can watch TV (be it live, downloaded, catch-up or on-demand), and quicker internet speeds available both inside and outside the home, it is no surprise that our habits are changing.

Young people are moving towards watching TV via a PC/laptop

The shift from watching TV on a traditional TV set, to watching it on multiple devices is directly correlated with age. As shown in Figure 8, the proportion of 18-24 year olds who watch TV via a TV set daily is significantly lower than those aged 35+. In direct contrast, almost a quarter of 18-24 year olds use their PC/laptop to watch TV daily, which is significantly higher than those aged 25+. With these younger TV viewers already watching TV through new devices, the TV viewing landscape is evolving. We also see a similar proportion of First Adopters (23%) watching TV daily on a PC/laptop to provide further evidence of this platform being used to watch TV.

FIGURE 8 |
Devices used to watch TV daily (this could be live, catch-up/on-demand, downloading or streaming) Base: All UK respondents who own/use each device: TV set (1647) PC/laptop (1940)

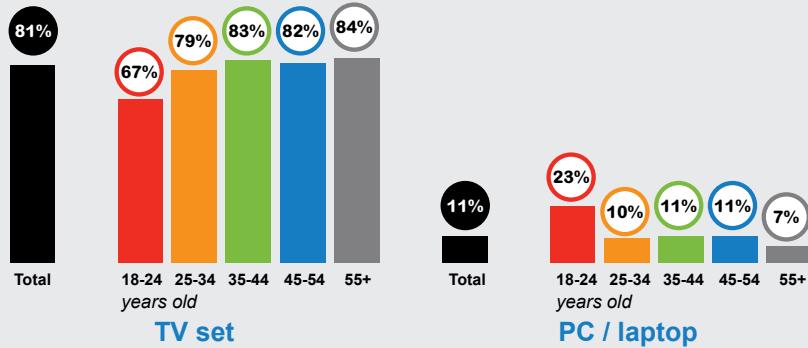
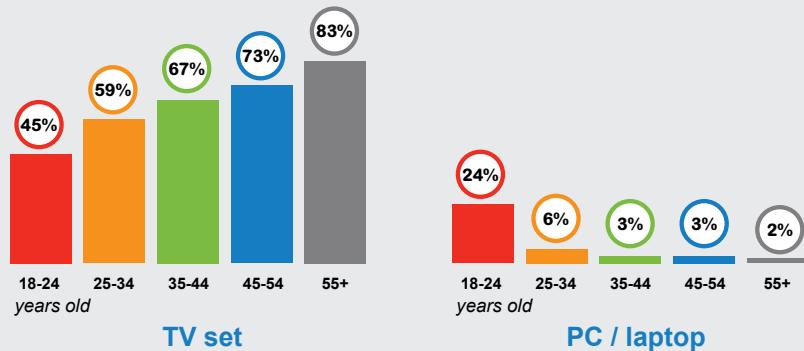


Figure 8 shows all types of viewership ie. both linear and on-demand so we might assume that PC/laptops are used primarily for the on-demand element of viewership. However, if we look at Figure 9 we can see that this is not actually true; 18-24yr olds in particular are using their PC/laptop to watch live TV as well. In fact a quarter say they watch the majority of live TV through a PC/laptop. This is still lower than the 45% that watch via a TV set the most often, but demonstrates the growing trend to watch TV via multiple internet based devices.

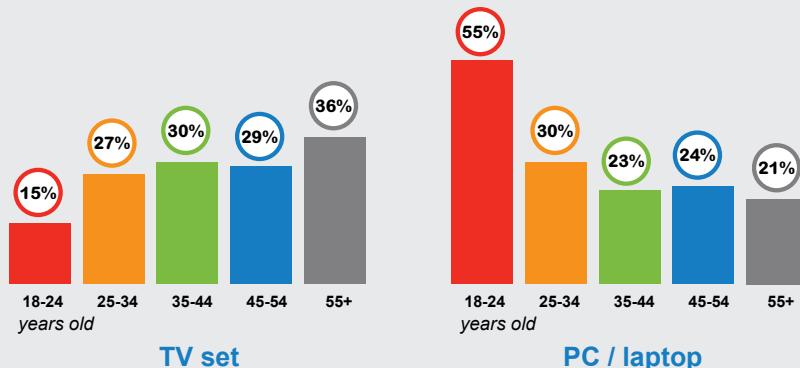
FIGURE 9 |**Devices on which live TV is mostly watched***Base: All UK respondents who ever watch TV through these devices*

One in ten (9%) of 25-44 year olds claim they watch the majority of live TV through Smart/connected TVs – which is significantly higher than amongst the older and younger age groups, while 12% of First Adopters say they watch the majority of live TV through Smart/connected TV. Smartphones and tablets (via apps and websites) are not being used for the majority of live TV viewing. This is not to say that this will not increase over time, but the larger screened and less mobile devices are gaining the majority share of live TV viewing.

Older people
spend the most
time watching
live TV on a
traditional TV set

TV on-demand

Four out of five (79%) people in the UK watch TV On-demand. This is highest amongst those aged 18-34 at 87%. 79% of 35-54 year olds watch TV on-demand and 70% of those aged 55+ claim to do the same (66%). Once again, when we look at the devices used the most to watch TV on-demand the age-correlated results reveal some significant differences in habits. (See Figure 10)

FIGURE 10 |**Devices used to spend the most time watching TV on-demand***Base: All UK respondents ever watch TV through these devices*

Over half 18-24 year olds who watch TV through their PC/laptop primarily use this to watch TV on-demand, which is significantly higher than amongst all other age groups. Those aged 35 and over use their TV set to watch on-demand more than their PC/laptop.

FIGURE 11 |
Frequency of watching TV programmes via online TV services
Base: All UK respondents (2,051)

% Watch TV programmes weekly	Total	18-24	25-34	35-44	45-54	55+
BBC iPlayer	30%	54%	33%	23%	30%	22%
YouTube	23%	48%	34%	25%	17%	10%
ITV Player	17%	23%	20%	13%	21%	13%
4oD	13%	32%	21%	11%	10%	5%
Demand 5	9%	18%	15%	7%	8%	4%

YouTube already perceived to be a TV channel amongst 18-24 year olds

In terms of the channels watched on-demand, unsurprisingly BBC iPlayer is the most watched overall on a weekly basis. What is perhaps more surprising is that YouTube is the second most used on a weekly basis to watch TV programmes. Again, this is directly correlated with age, with almost half of all 18-24 year olds using YouTube to watch TV programmes on a weekly basis. YouTube is used more than either 4oD or Demand 5, on a weekly basis, by respondents of all ages.

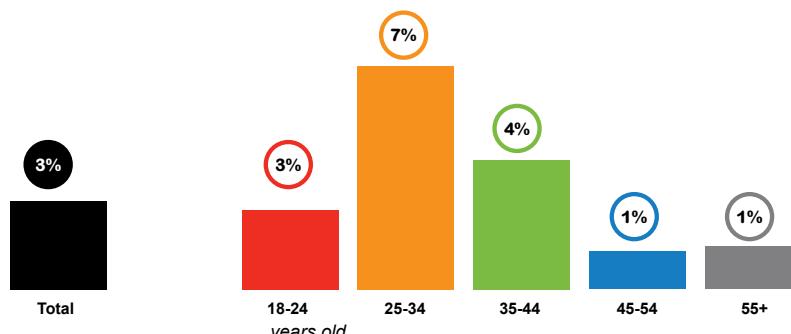
Given the recent announcement that YouTube will launch as a channel via FreeSat, our research suggests that this is a wise move and YouTube is currently well placed to capitalise on this opportunity. YouTube is used more than either 4oD or Demand 5, on a weekly basis, by respondents of all ages. 48% of First Adopters also say that they watch TV programmes on YouTube on a weekly basis, providing further evidence of YouTube's strong position.

Monetising news content

So far we have seen that 18-24 year olds and the First Adopters cohort are embracing the digital revolution most with regards to accessing news content from newspapers, but monetising digital content remains the biggest challenge, especially in light of the fact that those newspapers that have introduced a paywall are seeing their readers visit the websites of competitor titles.

We asked respondents which digital goods they currently pay for, and despite their high levels of usage 18-24 year olds are no more likely to pay for news subscriptions than the general population, with 25-34 year olds most likely to pay for news subscriptions, as shown below in Figure 12.

FIGURE 12 |
Those saying they currently pay for digital news subscriptions
Base: All UK respondents (2,051)

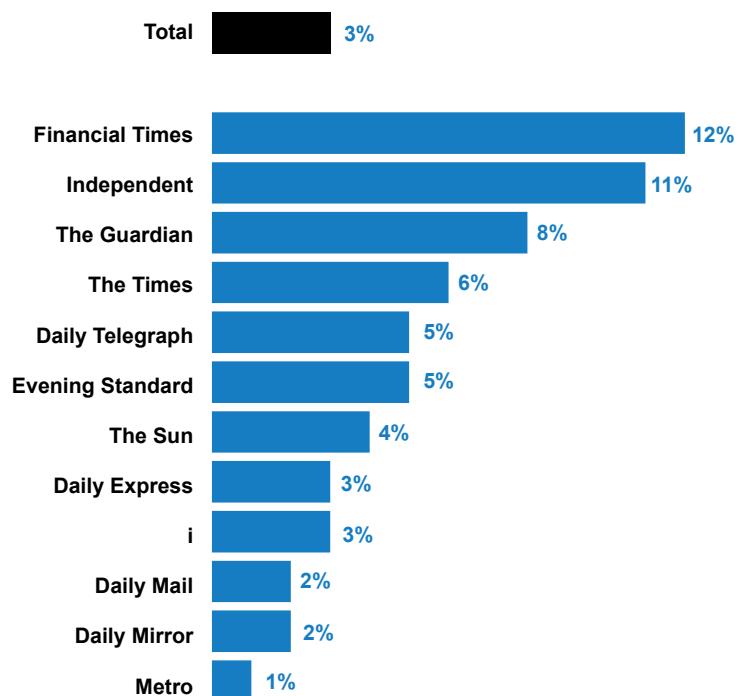


Understanding what motivates subscribers is key to unlocking revenue in digital news

However, the picture is more promising when we look at First Adopters, where just under one in ten (9%) say they currently pay for digital news subscriptions. Therefore understanding this group in more detail and what motivates them when accessing news and paying for news will be one of the keys to unlocking how to maximise revenue for digital news.

We can also look at which readers of printed newspapers are currently paying for digital news subscriptions, as shown below in Figure 13.

FIGURE 13 |
Those saying they currently pay for digital news subscriptions
Base: All UK respondents (2,051)

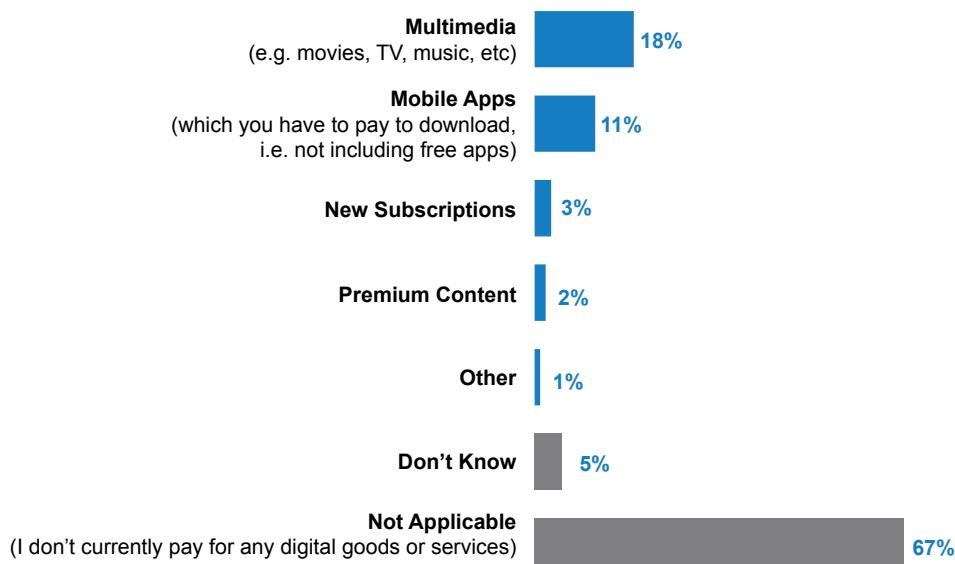


Readers of the Financial Times (12%) and Independent (11%) have the highest proportion of readers currently paying for digital news subscriptions, followed by the Guardian (8%) and The Times (6%).

If we look at how paying for news subscriptions compares to other forms of digital content, multi-media (18%) is what consumers are currently paying for the most, followed by mobile apps (11%), while 67% say that they currently don't pay for any digital goods or services. Mobile apps are therefore a key area for news providers to explore further in order to monetise their content. Consumers under the age of 44 years old are significantly more likely to currently pay for mobile apps compared to those aged over 45 years old, while amongst First Adopters, one in three (33%) are currently paying for mobile apps.

FIGURE 14 |

What digital goods and services consumers are currently paying for *Base: All UK respondents (2,051)*



67%
of people do
not pay for any
digital goods and
services

Part II: Lynxed-Up Data and How It Helps Advertisers

Part II of this report gets into the core of the case study - using connected data to track brand perception based on real exposure to advertising campaigns.

We examine the Lynx Space Academy campaign and look at a number of instances, including people who watched TV shows where the ads ran, and follow Twitter accounts that talked about the campaign, to see how the different interactions change attitudes and behaviours.

We can answer the old plea of 'Half the money I spend on advertising is wasted; the trouble is I don't know which half' (John Wanamaker) by moving away from asking people what advertising they claimed to see and focussing in on the pieces we know they were exposed to.